

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 21 - HB 723

March 17, 2015

SUMMARY OF BILL: Creates an exception to current statutory prescription dispensing limits regarding opioids and benzodiazepines. Authorizes prescription of opioids and benzodiazepines for certain individuals to be dispensed in amounts greater than a 30-day supply. Such individuals must meet one of the following criteria:

- Be 65 years of age or older;
- Be confined to a nursing home, extended care facility, or hospital;
- Be unable to leave their the confined residence due to an extended liability, as determined by the person's physician; or
- Participate in a fixed drug plan that charges a flat copayment for prescriptions regardless of the amount of medication ordered.

A physician must certify that an individual meets any of the aforementioned criteria. Establishes that no prescription for opioids or benzodiazepines be greater than a 90-day supply.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$47,300

Increase Federal Expenditures - \$146,100

Assumptions:

- Based on information provided by the Department of Finance and Administration, Division of Benefits Administration, this will have no significant impact on the plans offered through its pharmacy benefits manager (PBM).
- The Board of Pharmacy can make any necessary rule changes during regularly scheduled Board meetings.
- Based on information provided by the Division of Health Care Finance and Administration (HCFA), the TennCare program does not currently cover opioids or benzodiazepines for greater than a 30-day supply. The provisions of the bill are not expected to significantly affect the prescription payments by TennCare.
- Based on information from HCFA, the CoverRx program may incur costs to implement a system edit to ensure the 30-day restriction except under the criteria in the proposed legislation. Any increase in expenditures will not be significant.
- Based on information provided by HCFA, the CoverKids program will incur additional expenditures. The contract vendor for the program has indicated that prior authorization

for each prescription of benzodiazepines will be necessary to account for the exceptions to the 30-day rule. Each prior authorization costs \$29.

- The vendor found that annual utilization for these drugs by the CoverKids population is 6,668 resulting in an increase in expenditures of \$193,372 (6,668 x \$29).
- These expenditures would receive approximately 75.5396 percent federal matching funds; therefore, the state portion is at a rate of 24.4604 percent.
- This will result in an increase in state expenditures of \$47,300 ($\$193,372 \times 0.244604$) and federal expenditures of \$146,072 ($\$193,372 \times 0.755396$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

/jdb